



**European Union
Delegation to Singapore**

SPEECH

**by Iwona Piórko, European Union Ambassador to Singapore
At conference on Unlocking Capital For Sustainability 2021:
Scaling Sustainable Finance for a Green Recovery
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Good afternoon Ladies and Gentlemen.

First, my congratulations to EcoBusiness for organising this conference on a topic of global relevance. We have heard a lot of exceptional insights from experts today.

And this is my first public speaking engagement as the European Union Ambassador to Singapore. So, thank you for this platform and for inviting me to deliver closing remarks on a subject that is a key priority for the EU and is close to my heart.

Climate Change is a risk to financial stability and more needs to be done to mitigate this risk.

Today's panel discussions touched upon the many aspects of sustainable finance and its contribution to recovery, ESG investing, risks and opportunities as well as the role of governments and Public Private Partnership in sustainable finance.

I will elaborate further on some of these aspects that you discussed today from the European perspective.

We have been warned about the impact of climate change on our financial systems and economy more broadly.

Global ambitions to address climate and environmental challenges have significantly increased in recent years, but more is needed for concrete solutions to the complex problems we face today.

In the post pandemic recovery public finance decisions are key to prevent continuous damage to nature and to lower the cost of protecting our planet in the long term.

Countries across the world, including in Asia, have realised the urgency of this matter. Many have also identified the post pandemic recovery as an opportunity for steering some of the stimulus spending towards green and digital transition.



EU sustainable finance agenda

Let me turn to the EU sustainable finance agenda. The European Union has taken major steps in sustainable finance and regulations to enable finance to play its full part in the post-pandemic economic recovery.

Over the next six years, the EU has allocated up to 2 trillion euro to rebuild a greener, more digital and more resilient Europe.

30 per cent of this amount is earmarked for climate protection and will contribute to EU's emissions-cutting goals.

To this end, the European Green Deal is our broad roadmap for climate neutrality by 2050; just like the Green Plan 2030 is the guiding roadmap for Singapore's efforts.

The EU's first green bonds will be launched on 21st October. In total green bonds worth 250 billion euro will be issued -making the EU the largest green bond issuer in the world.

These bonds will raise funds for environmentally friendly reforms and investments in EU member states.

The EU has developed its sustainable finance agenda around three building blocks:

- first, the **EU taxonomy**, a common grammar for all sustainable activities;
- second, **the rules on disclosures**, to ensure proper transparency for all stakeholders;
- and finally, **the tools**, including standards and labels.

Especially the **taxonomy** is unique and a potential model for other jurisdictions.

It is the first common, comprehensive, and science-based measurement tool for green investments



The taxonomy applies to all financial products marketed as environmentally sustainable in the EU.

It also applies to all firms that are obliged to disclose the extent to which their activities align with the taxonomy, thereby assigning a degree of sustainability to companies' operations.

Investors and Businesses will hence speak the same language and use the same tool to define economic activities that are environmentally sustainable, making the taxonomy an effective instrument to navigate the transition.

The taxonomy covers economic activities of roughly 40 per cent of listed companies in sectors which are responsible for almost 80 per cent of direct Greenhouse Gas emissions in Europe.

These include, among others, forestry, energy, transport, buildings and manufacturing.

The criteria are aligned with international environmental commitments and reviewed regularly to ensure that new sectors and activities can be added to the scope over time.

However, introducing the taxonomy is by no means straightforward, be it technically or politically.

There are diverging views on several matters; for instance, when it comes to the treatment of nuclear and natural gas.

It is important to debate these matters and recognize different point of views with the essential help of science.

A newly proposed strategy for financing the transition to a sustainable economy was announced in July.

It creates an even more inclusive sustainable finance framework by taking along SMEs and retail investors through green mortgages and green loans.



In this context a European Green Bond Standard was proposed.

This will create a gold standard for how companies and public authorities can use green bonds to raise funds to finance investments. And at the same time help meeting sustainability requirements and protecting investors from greenwashing.

The European Green Bond Standard will be open to any issuer of green bonds, including those located outside of the EU.

Global cooperation on sustainable finance

Ladies and Gentlemen,

This is a global issue. We are therefore advocating internationally for a consensus and coordination on sustainable finance standards. It is being done through fora such as the Financial Stability Board, the G20 Sustainable Finance Working Group and mainly the International Platform on Sustainable Finance, which the EU helped to establish in 2019.

The Platform gathers currently 17 jurisdictions that account for 55% of global GHG emissions and almost 55% of global GDP. And more countries expressed their interest to join since then.

From ASEAN Singapore and Indonesia have joined.

The International Platform is currently engaging closely on two topics – **environmental taxonomies and sustainability disclosures.**

The working group on taxonomies is co-chaired by the EU and China. It has undertaken a comprehensive assessment and comparison of existing taxonomies.

Important milestones in comparing taxonomies especially between the EU and China have been achieved.



For instance, in April this year, China updated its green bond catalogue and excluded 'clean coal' projects that were encouraged in its initial version.

The new catalogue also updated its categorization system to match the EU Taxonomy and adopted the EU 'Do No Significant Harm' principle.

Some gaps in harmonization still exist in terms of environmental objectives.

But all parties are hopeful that this joint effort will eventually result in a Common Ground Taxonomy, which would make it easier to compare green assets internationally.

Most importantly, climate finance will be on top of the agenda during the COP26 in Glasgow this November.

It is a truly important opportunity for all involved to establish common frameworks and standards to direct investment towards sustainable economic activities.

I find it encouraging to see developments here in Singapore, especially the work of the Monetary Authority of Singapore and the Green Finance Industry Taskforce. Both are working to map regulatory expectations on disclosure standards for retail ESG funds.

Conclusion

Ladies and Gentlemen,

Climate change does not know national borders and calls for a multilateral response and cooperation. Europe is ready to do more, and hopes for partners to join. This was one of the key messages the European Commission President Ursula von der Leyen made in her State of the Union address yesterday.

We have to step up and ensure that the financial sector plays its role in this pressing transition.



The EU is closely cooperating with like-minded Asian partners, including Singapore, to establish common and compatible taxonomies, standards and regulations that allow us to transition together to a more sustainable and greener world.

This is a complex process, but once we succeed, it will help develop a genuine level playing field so we make sure that what is advertised as green is actually green.

I hope we can advance soon. Today's conference has definitely been a step in the right direction.

Once again, thank you for having me here.

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